

Message Text

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PAGE 01 SAO PA 01798 232030Z
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
 INR-10 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02
 LAB-04 SIL-01 OMB-01 DOE-15 SOE-02 SSO-00 ICAE-00
 SS-15 NSCE-00 INRE-00 STR-07 /093 W
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O R 232015Z JUN 78
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC NIACT IMMEDIATE 8612
INFO AMEMBASSY BRASILIA
AMEMBASSY ASUNCION
AMCONSUL RIO DE JANEIRO

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FROM EMBASSY COMMERCIAL COUNSELOR

E.O. 11652: N/A
TAGS: ENRG, BEXP, BR
SUBJ: EUROPEAN CONSORTIUM WINS ITAIPU COMPETITION

REF: RIO DE JANEIRO 0886

1. ON JUNE 20 THE ITAIPU BINATIONAL COMMISSION ANNOUNCED THAT THE CONTRACTS FOR ALL 18 OF THE TURBINE-GENERATOR SETS FOR THE ITAIPU HYDROELECTRIC PROJECT WOULD BE AWARDED TO THE CIEM CONSORTIUM HEADED BY MECANICA PESADA SA (A SUBSIDIARY OF SCHNEIDER, FRANCE) AND INCLUDING BARDELLA SA (BRAZIL), BROWN BOVERI, SIEMENS, J.M. VOIGT GMBH, CREUSOT LOIRE (FRANCE) AND ALSTHON ATLANTIQUE (FRANCE) ACCORDING TO PRESS REPORTS, THE VALUE OF THE EQUIPMENT TO BE SUPPLIED BY CIEM WILL BE DOLS 707 MILLION. THE TWO LOSING CONSORTIA WERE THE GENERAL ELECTRIC/DOMINION ENGINEERING CONSORTIUM AND THAT HEADED BY WESTINGHOUSE AND HITACHI WITH THE PARTICIPATION OF OTHER JAPANESE AND ITALIAN FIRMS.
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PAGE 02 SAO PA 01798 232030Z

2. THE OFFICIAL ANNOUNCEMENT DID NOT GIVE DETAILS OF THE OFFERS OF THE THREE CONSORTIA, BUT DECLARED THAT "THE CIEM PROPOSAL IS THE MOST ADVANTAGEOUS WITH RESPECT TO PRICE AS WELL AS FINANCIAL CONDITIONS, THE LATTER RESULTING FROM A LARGER PERCENTAGE OF LOCAL MANUFACTURE AND TECHNOLOGY." FURTHERMORE, THE STATEMENT ADDED, "THIS

CONSORTIUM IS THE ONLY ONE WITH THE MANUFACTURING CAPACITY TO SUPPLY THE ENTIRE 18 UNITS WITHIN THE REQUIRED TIMETABLE."

3. THE DECISION WAS A SURPRISE TO GENERAL ELECTRIC, WHICH ONLY A WEEK AGO HAD EXPRESSED TO US THE VIEW THAT THE ORDER WOULD BE SPLIT BETWEEN AT LEAST TWO CONSORTIA BECAUSE NO ONE OF THE GROUPS COULD PRODUCE ALL 18 UNITS WITHIN THE REQUIRED TIME FRAME. THE DAY AFTER THE ANNOUNCEMENT, HOWEVER, CLAUDIO BARDELLA, A MEMBER OF THE CIEM CONSORTIUM, ASSURED THE COMMERCIAL COUNSELOR THAT HIS GROUP WOULD HAVE NO DIFFICULTY IN MEETING ALL DELIVERY REQUIREMENTS.

4. SO FAR NEITHER GENERAL ELECTRIC NOR WESTINGHOUSE HAS SUGGESTED ANY IRREGULARITY IN CONNECTION WITH THE AWARD OR REQUESTED ANY ACTION BY THE USG TO QUESTION THE ACTION. WESTINGHOUSE DO BRASIL, IN FACT, HAS SPECIFICALLY REQUESTED THAT THE USG NOT INTERVENE IN ANY WAY.
TELLER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSORTIUMS, ELECTRIC EQUIPMENT, HYDROELECTRIC POWER PLANTS, PROGRAMS (PROJECTS)
Control Number: n/a
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Draft Date: 23 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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Disposition History: n/a
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